MONTHLY INVESTMENT INSIGHTS

NOVEMBER 2016

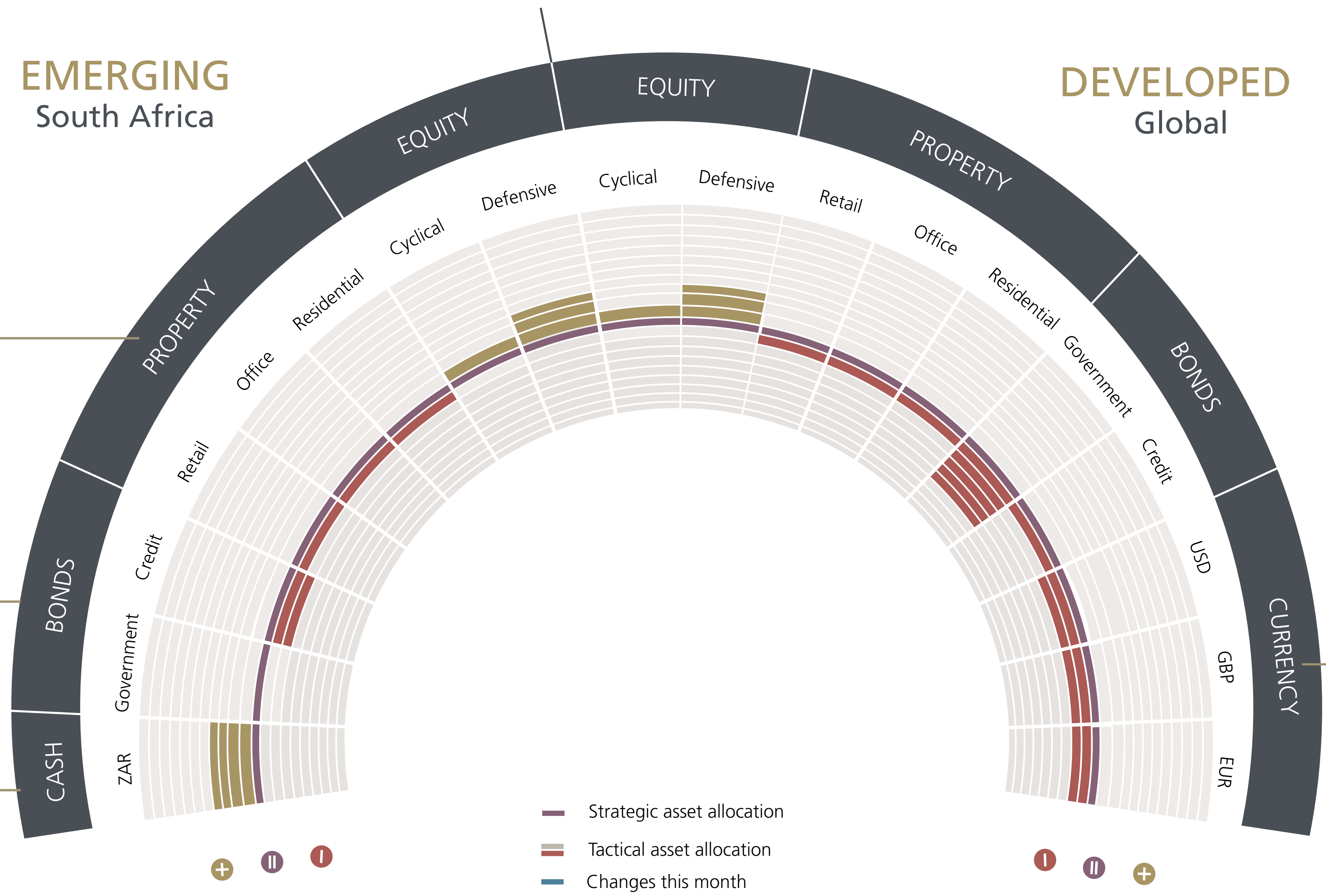
Contents

Tactical asset allocation preferences

Challenging economic conditions persist, but a lot of the negative sentiment have already been priced into the valuations of property. Given the poor sentiment, we may view this as an attractive entry point into selected securities.

Our current view on government bonds is neutral, while we assess pockets of risk and opportunity. If the rand strengthens beyond our base view we expect bonds are likely to rally and yields could decline.

Our view on this asset has improved as the interest rate cycle has turned. A slower pace of hikes is now expected. Cash should form part of diversified portfolio.



The rand is still undervalued against major currencies, and we believe the rand will continue to appreciate against the dollar, pound and euro.

Overweight: Tactical recommendation to hold more of the asset class than specified in the strategic asset allocation

Neutral: Tactical recommendation to hold the asset class in line with its weight in the strategic asset allocation

Underweight: Tactical recommendation to hold less of the asset class than specified in the strategic asset allocation

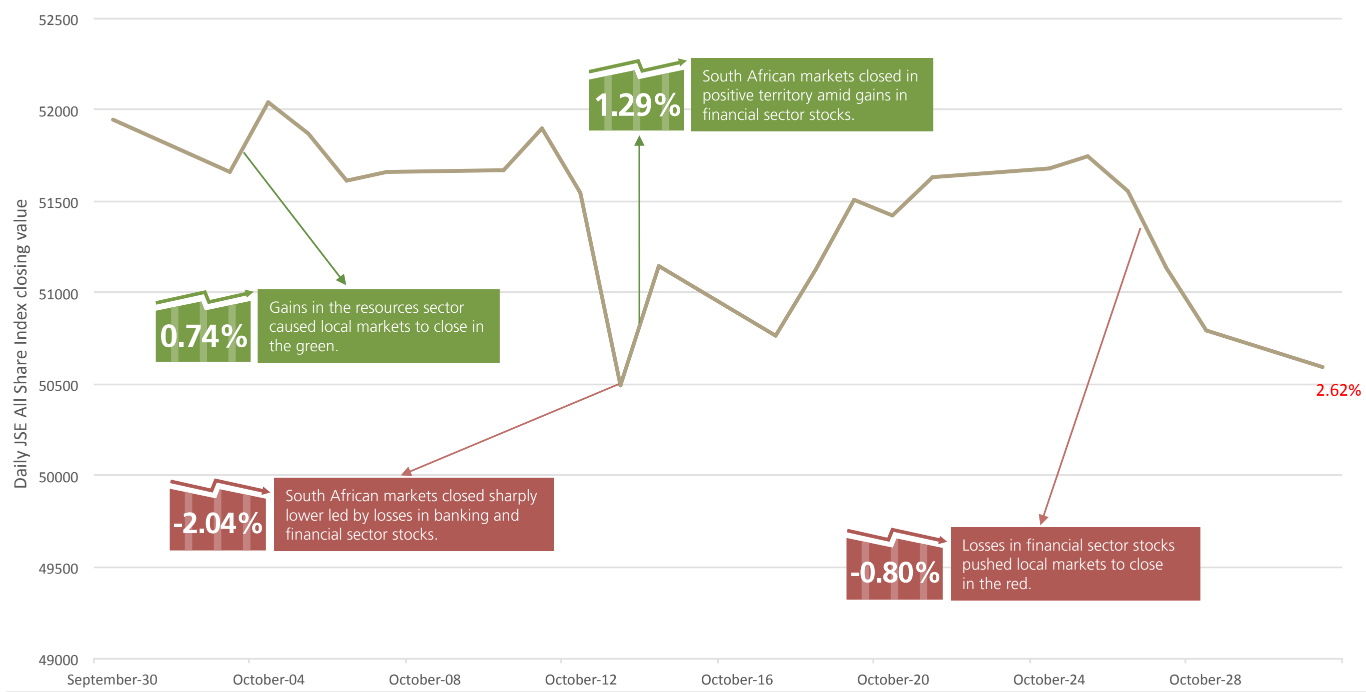
Bottom line

- Our assessment shows that domestic equity is now roughly 36% overvalued relative to its historic yield. There certainly remains some expensive pockets in the market, and investors should expect continued volatility at current levels.
- Until recently the gross real yield on most short-dated money market assets was near zero. On an after-cost-after-tax basis, there was very little to be excited about in this asset class. We do however expect this to change over the coming months, as rate hikes ensue at a subdued pace.
- With regards to domestic listed property our assessment of fair value shows that domestic property equity is now roughly 25.4% overvalued relative to its historic yield. In addition, we remain of the view that the interest rate cycle will impact domestic economic strength, affordability and sentiment presenting headwinds for capital growth in the property sector. We therefore expect property yields to normalise on the back of capital value pressure.
- As always however, there are some exceptions. Selected property shares are experiencing growing yields, which may present some opportunities. Although broad-based property exposure is ill-advised at this stage, we do believe there are some shares that can make a contribution to a diversified portfolio.
- Global equity, although trading at a slight premium (17%), remains the most attractive asset class to our mind. The underlying valuations remain sound and there are many quality firms to choose from. The biggest near-term risk for South African investors is the rand. That being said, there are many effective ways in which professional money managers can manage this risk effectively.

Market commentary

The FTSE/JSE All Share Index (ALSI) lost -2.62% (total return) for the month. Basic materials (-3.41%) suffered the most, followed by industrials (-2.87%) and financials (-0.62%). Listed property gained 0.50% for the month.

JSE All Share index - October 2016



Source: Bloomberg

Domestic key moves

Uncertainties around the US presidential election, US interest rates and developments around Brexit influenced markets during October. On the domestic front markets were impacted by the continued claims against the Finance Minister Pravin Gordhan, legal actions against the release of the state capture report and the medium-term budget statement.

When National Director of Public Prosecutions Shaun Abrahams announced he had withdrawn charges of fraud against Gordhan, the rand strengthened with 2.5% to R13.49/$. The rand ended the month 1.9% stronger to the US dollar. The rand also strengthened by 4.4% against the euro and 6.8% against the British pound during October.

The MSCI World Index lost -1.84% and the JP Morgan Global Bond Index lost -5.43% in rand terms in October 2016.

The All Bond Index (ALBI) gained 0.64% and cash gained 0.63% for the month.

South Africa posted a trade surplus of R6.70bn in September, compared to an upwardly revised R8.88bn deficit in August. Exports rose by 10.1%, boosted by higher sales of precious metals, stones and chemical products. Imports decreased by 6.6%, as purchases for mainly precious metals and stones, mineral products and vegetables fell.

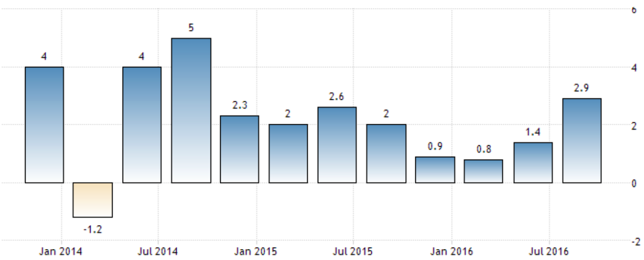
Market commentary

Global key moves

US

2.9% The United States economy expanded by 2.9% in the third quarter of 2016, more than 1.4% in the previous period and beating market expectations of a 2.5% rise. It is the strongest growth rate since the third quarter of 2014, as exports grew the most in nearly three years boosted by soybeans. Inventories recovered while personal consumption slowed.

US GDP growth rate



Source: Trading Economics

3 000 The number of Americans filing for unemployment benefits fell to 258 000 in the week ending 22 October, compared with the previous week's revised level of 261 000 and above market expectations of 255 000. It was the first decline in three weeks and the 86th straight week of initial claims below 300 000 - the longest streak since 1970.

9% Housing starts in the United States tumbled 9% to a seasonally adjusted annualised rate of 1 047 000 in September from August. This was below market expectations of 1 175 000. It is the lowest figure since March 2015, due to a fall in construction of multifamily homes.

UK

2.3% The UK economy advanced 2.3% year-on-year in the three months to September, better than a 2.1% expansion in the previous period and above market expectations of 2.1%. It is the best performance since the second quarter of 2015.

4.9% The unemployment rate in the UK held steady at 4.9% for October. The UK jobless rate remained unchanged for the fourth consecutive month in the three months to August, in line with market expectations.

1% British consumer prices rose 1% in the year to September, following 0.6% growth in August and above market expectations of a 0.9% gain. It was the highest inflation rate since November 2014 boosted by higher clothing costs, motor fuels and hotels amid a weaker pound.

EU

0.3% The Eurozone economy expanded 0.3% on quarter in the three months to September, the same as in the previous period and in line with market expectations. GDP growth picked up in France and Austria but slowed in Spain, Belgium and Lithuania.

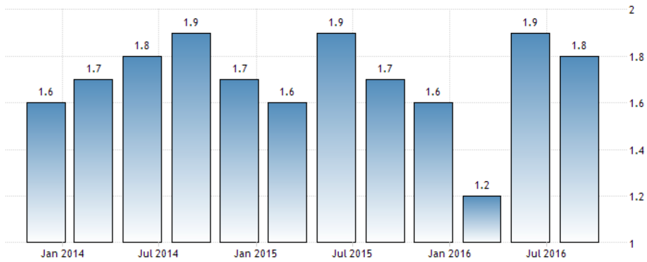
0.5% Consumer prices in the Euro Area increased by 0.5% year-on-year in October, following 0.4% growth the previous month and in line with market expectations. It was the highest inflation rate since June 2014, as prices rose for services and food, while energy costs fell at a slower pace.

0.0% The ECB held its benchmark refinancing rate at 0% for the sixth straight time on 20 October, as widely expected. Both the deposit rate and the lending rate were also left steady at -0.4% and 0.25%, respectively

China

1.8% The Chinese economy advanced by 1.8% quarter-on-quarter in the third quarter of 2016, compared to an upwardly revised 1.9% growth in the previous three months and in line with market estimates.

Chinese GDP growth rate



Source: Trading Economics

$41.99 bn China reported a $41.99 billion trade surplus in September, compared to a $59.60 billion surplus a year earlier and missing market estimates of a $53.0 billion surplus. It was the smallest trade surplus since March as exports fell much more than imports.

Japan

3% The seasonally adjusted jobless rate in Japan fell to 3.0% in September, from 3.1% in August and slightly below market consensus. The jobs-to-applicants ratio rose to 1.38% in September, compared to 1.37% in August. It was the highest level since August 1991.

0.5% Consumer prices in Japan dropped by 0.5% year-on-year in September, the same pace as in August and in line with market consensus. It was the seventh straight month of decline, as the cost of housing and transport fell while food inflation was steady.

PSG Wealth Fund of Funds Solutions

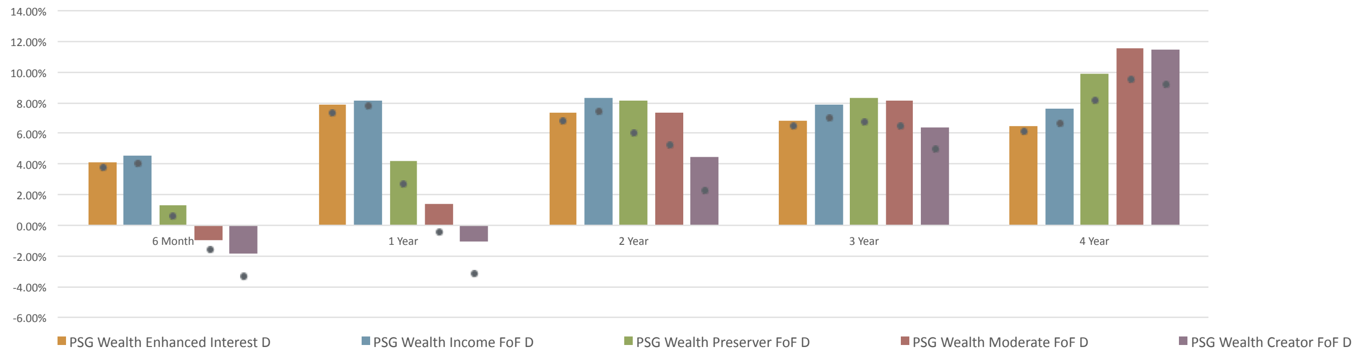
Local funds

Performance table

PSG Wealth Solutions						
Fund	6 Month	1 Year	2 Year	3 Year	4 Year	5 Year
PSG Wealth Enhanced Interest D	4.07%	7.86%	7.31%	6.79%	6.48%	N/A
PSG Wealth Income FoF D	4.54%	8.15%	8.32%	7.84%	7.60%	7.97%
PSG Wealth Preserver FoF D	1.31%	4.23%	8.13%	8.33%	9.87%	10.59%
PSG Wealth Moderate FoF D	-1.00%	1.41%	7.35%	8.11%	11.54%	12.38%
PSG Wealth Creator FoF D	-1.81%	-1.03%	4.48%	6.35%	11.50%	12.09%

Source: PSG Wealth research team

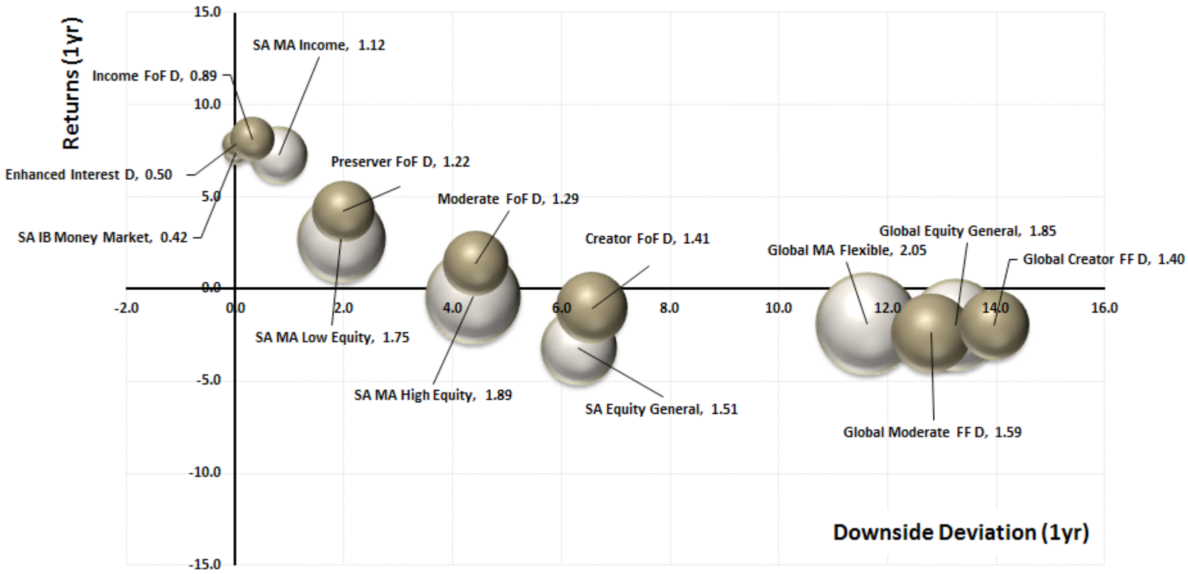
Domestic funds performance



Source: PSG Wealth research team data as at 31 October 2016

*Dots represent the relevant benchmark

PSG Wealth Local Fund of Funds



Source: PSG Wealth research team

HOW TO READ THE BUBBLE CHARTS			
Vertical axis	shows the return of each fund	**Size of the bubble**	shows TER which is an indication of cost
Downside deviation	downside risk measure focused on returns below a minimum threshold or MAR	**Grey bubbles**	indicate fund peers
		Gold bubbles	represent PSG Wealth solutions

PSG Wealth Fund of Funds Solutions

PSG Wealth Enhanced Interest Fund

- The PSG Wealth Enhanced Interest Fund delivered a return of 0.65% for October, compared to the 0.64% of its benchmark, the South Africa IB Money Market Sector Average.
- This fund has an investment horizon of one-year, and the fund has outperformed its benchmark comfortably over any one-year period.
- The fund again outperformed the benchmark over all measurement periods over four years and less.

Asset allocation

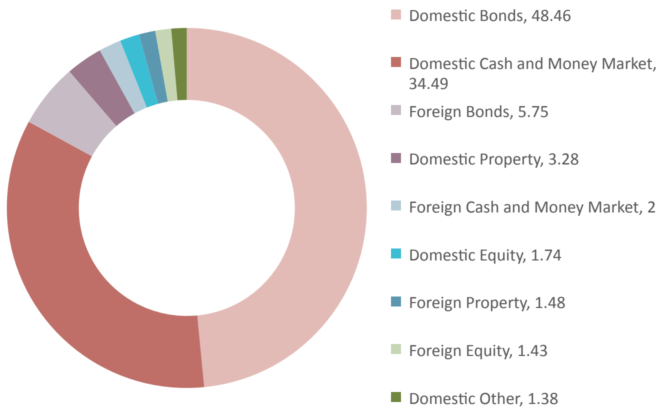
Source: PSG Wealth research team

Risk and Expectations: We are confident the fund will continue to deliver returns in access of money market rates in order to offset the negative effects of high inflation on cash.
Radar: No funds on the radar screen.
Changes: No changes to underlying funds.

PSG Wealth Income FoF

- The PSG Wealth Income FoF delivered a return of 0.42% for October, compared to the 0.68% of its benchmark, the SteFi 12 Months NCD.
- The PSG Wealth Income FoF has an investment horizon of two-years, and the FoF has outperformed its benchmark comfortably over any two-year period.
- It also outperformed the South African MA Income sector average over all measurement periods of seven years and less.

Asset allocation



Source: PSG Wealth research team

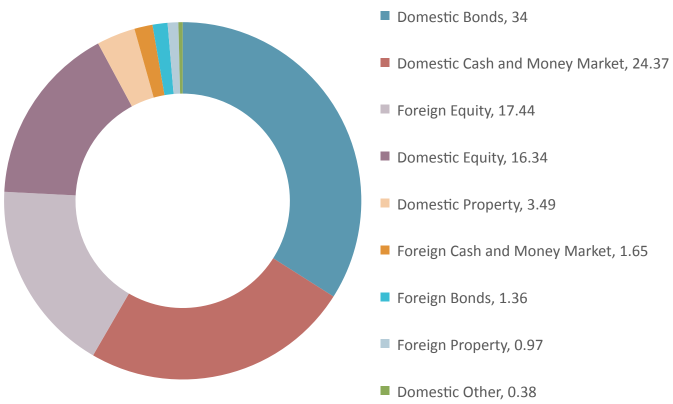
Risk and Expectations: We expected recent higher inflation and rising interest rates may have been a drag on performance over the short term, but current indications are that the underlying portfolio managers were able to take advantage of the higher yields on short-term instruments to deliver attractive returns close to the top of the inflation cycle. We are confident that the underlying portfolio managers will continue to deliver attractive above-average returns until well after the interest rate cycle has peaked.
Radar: No funds on the radar screen.
Changes: No changes to underlying funds.

PSG Wealth Fund of Funds Solutions

PSG Wealth Preserver FoF

- The PSG Wealth Preserver FoF delivered a negative return of -0.9% for October, compared to the -1.1% of the South African MA Low Equity Sector Average.
- The PSG Wealth Preserver FoF has an investment horizon of three-years, and the FoF has outperformed the South African MA Low Equity sector average comfortably over any three-year period.
- It also outperformed the sector average over all measurement periods from one month up to seven years.

Asset allocation



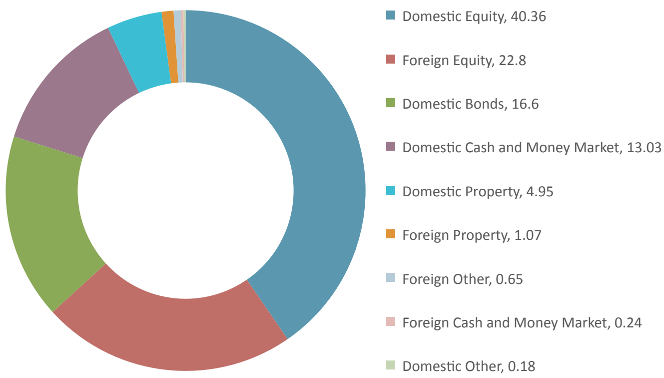
Source: PSG Wealth research team

Risk and Expectations: Rising interest rates may be a drag on performance, but the coinciding higher inflation target itself will make the consistent outperformance of the performance target almost impossible. The PSG Wealth Preserver FoF may hold up to a total of 40% in domestic- and offshore equities, and may deliver negative short-term performances in sharp equity corrections or equity bear markets. However, we are confident that the fund will continue to outperform its benchmark over the preferred investment period of three years and longer, and that it will protect the capital of clients during severe market corrections.
Radar: Prudential Inflation Plus is on the radar screen.
Changes: No changes to underlying funds.

PSG Wealth Moderate FoF

- The PSG Wealth Moderate FoF delivered a return of -2.1% for October, just outperforming its benchmark, the South African MA High Equity Sector Average, which delivered -2.2%.
- The PSG Wealth Moderate FoF has an investment horizon of five-years, and the FoF has outperformed its benchmark comfortably over any five-year period.
- This fund has outperformed the sector average over all measurement periods up to seven years.

Asset allocation



Source: PSG Wealth research team

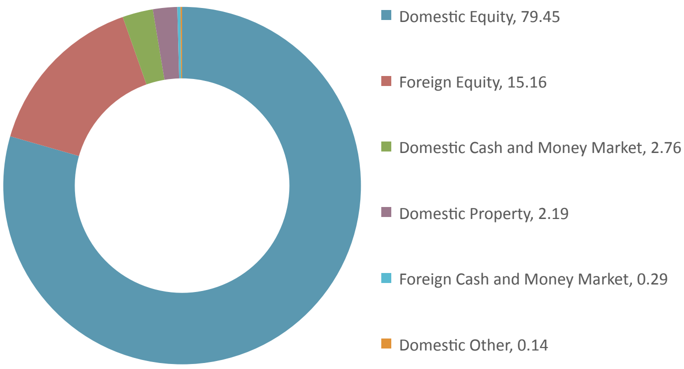
Risk and Expectations: The PSG Wealth Moderate FoF may hold up to 75% in domestic- and offshore equities, which could lead to short-term negative performances in sharp equity corrections or equity bear markets. We are, however, confident that the fund will always deliver positive returns over the preferred investment period of five years and longer. We are of the opinion that it will continue to deliver above-average long-term returns with below average risk over various market cycles.
Radar: Foord Balanced is on the radar screen.
Changes: No changes to underlying funds.

PSG Wealth Fund of Funds Solutions

PSG Wealth Creator FoF

- The PSG Wealth Creator FoF delivered a return of -2.7% for October, compared to the -3.0% of its benchmark, the South African EQ General Sector Average.
- The PSG Wealth Creator FoF has an investment horizon of five-years and longer, and the FoF has outperformed its benchmark over any period of five-years and longer.
- It also outperformed the sector average over all measurement periods up to seven years.

Asset allocation



Source: PSG Wealth research team

Risk and Expectations: Although the outlook for equities has deteriorated due to higher valuations and weaker earnings growth, we are confident that the relative performance of the underlying managers in the fund will continue to improve in the near future. The managers are all active managers that have demonstrated the ability to add alpha through careful stock selection, particularly during turbulent equity markets. The PSG Creator FoF will always maintain an equity exposure of close to 100% in domestic- and offshore equities, and may deliver negative short-term performances in sharp equity corrections or equity bear markets. We are, however, confident that the fund will always deliver positive returns over the preferred investment period of five years and longer, and that it will continue to deliver above-average long-term returns with below-average risk over all market cycles.
Radar: Investec Equity is on the radar screen.
Changes: No changes to underlying funds.

PSG Wealth Fund of Funds Solutions

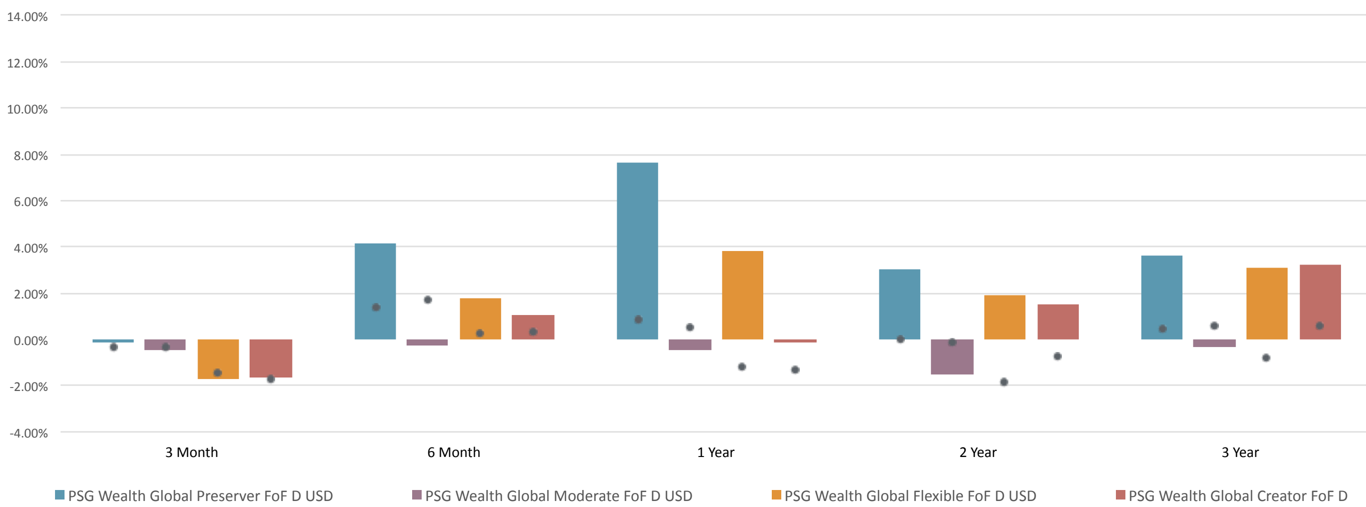
Offshore funds

Performance table

PSG Wealth Solutions - Offshore (Reported in USD)						
Fund	6 Month	1 Year	2 Year	3 Year	4 Year	5 Year
PSG Wealth Global Preserver FoF D USD	4.17%	7.64%	3.03%	3.65%	4.06%	4.00%
PSG Wealth Global Moderate FoF D USD	-0.29%	-0.47%	-1.49%	-0.30%	3.87%	N/A
PSG Wealth Global Flexible FoF D USD	1.76%	3.85%	1.93%	3.08%	7.05%	6.51%
PSG Wealth Global Creator FoF D	1.08%	-0.15%	1.49%	3.23%	N/A	N/A
PSG Wealth Solutions - Offshore (Reported in GBP)						
Fund	6 Month	1 Year	2 Year	3 Year	4 Year	5 Year
PSG Wealth Global Preserver FoF D GBP	17.45%	25.72%	12.43%	10.41%	9.61%	8.87%
PSG Wealth Global Flexible FoF D GBP	18.71%	25.18%	14.70%	11.96%	13.27%	11.74%

Source: PSG Wealth research team

Offshore funds performance



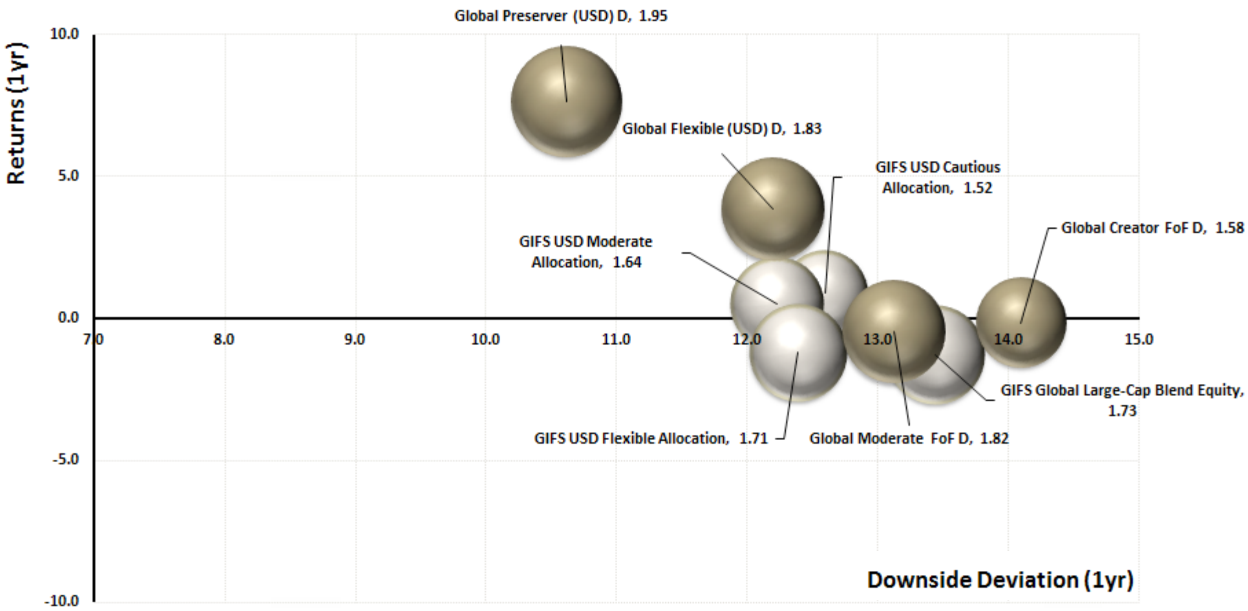
Source: PSG Wealth research team data as at 31 October 2016.

*Dots represent the relevant benchmark

All performance is reported in USD unless specified otherwise.

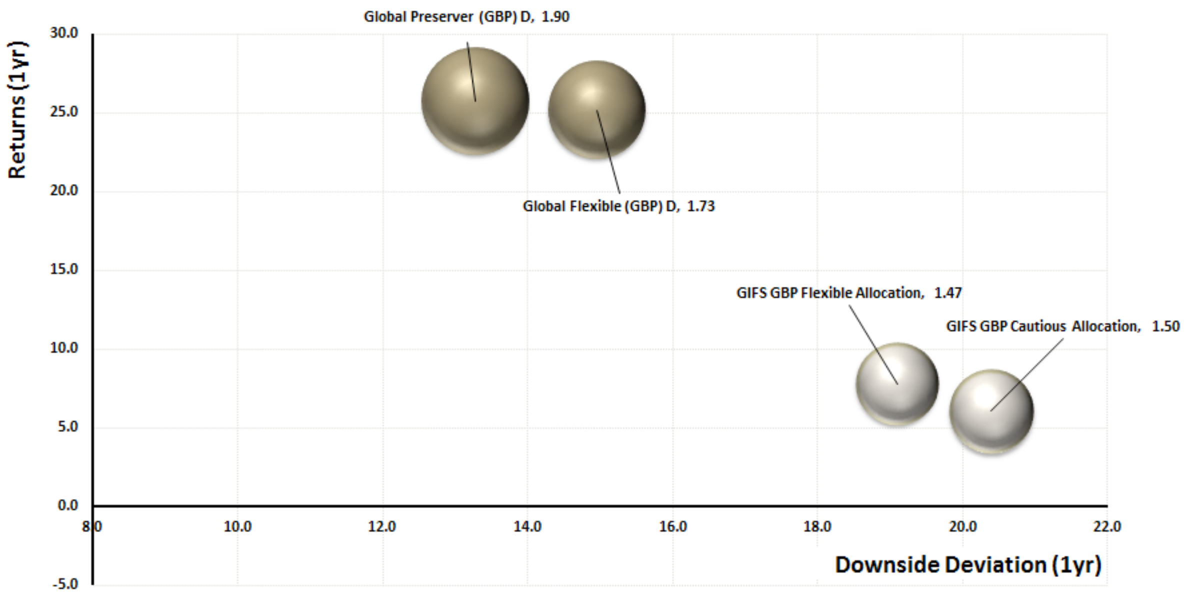
PSG Wealth Fund of Funds Solutions

PSG Wealth Offshore Fund of Funds (USD)



Source: PSG Wealth research team

PSG Wealth Offshore Fund of Funds (GBP)



Source: PSG Wealth research team

HOW TO READ THE BUBBLE CHARTS			
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		Gold bubbles	represent PSG Wealth solutions

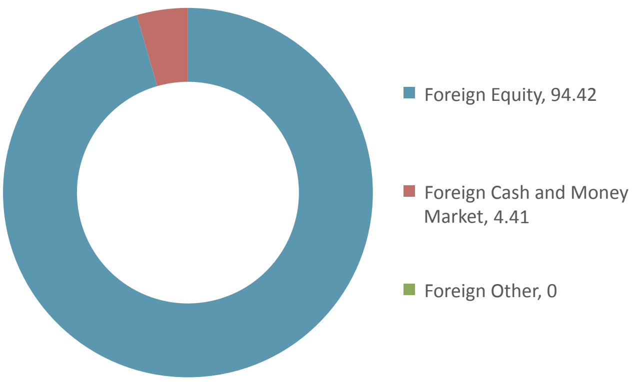
All performance is reported in USD unless specified otherwise.

PSG Wealth Fund of Funds Solutions

PSG Wealth Global Creator Fund of Funds (USD)

- The PSG Wealth Global Creator FoF returned -2.05% for October, outperforming the benchmark GIFS Global Large-Cap Blend equity sector average which delivered -2.22%.
- The PSG Wealth Global Creator FoF is ranked in the top quartile of global equity funds over the three year period ending 31 October 2016 and in the second quartile since its inception in December 2012. The ranking universe is not restricted to only funds registered for sale in South Africa and includes the full range of global open-ended funds falling within the Morningstar GIFS Global Large Cap Blend sector.

Asset allocation



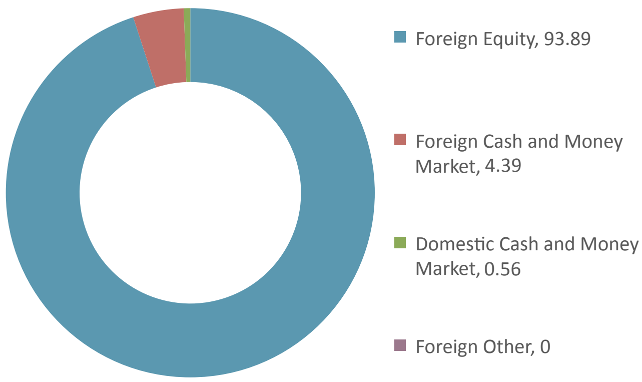
Source: PSG Wealth research team

Risk: Given the overweight to Developed markets in our portfolio (90%) and the general defensive positioning by most of our underlying managers, we expect to underperform global markets when sentiment is very positive and risky assets, such as emerging market equities, perform strongly.
Expectation: We are confident that our underlying managers will adjust the positioning of their portfolios (including exposure to emerging markets) as they find opportunities that offer good returns relative to the risk taken. We expect volatility to remain high in the short term with fluctuating market sentiment in global equity markets, thus we are comfortable with the overall defensive positioning of our fund.
Radar: No funds on the radar
Changes: No changes made to underlying funds.

PSG Wealth Global Creator Feeder Fund (ZAR)

- The PSG Wealth Global Creator FF D delivered a return of -4.74% for October in rand terms, outperforming the global sector average which returned -4.13%. The rand strengthened by approximately 1.8% against the US dollar over October, thus decreasing global portfolio returns reported in ZAR.
- The PSG Wealth Global Creator FF D delivered top quartile returns over two years, three years and since inception.

Asset allocation



Source: PSG Wealth research team

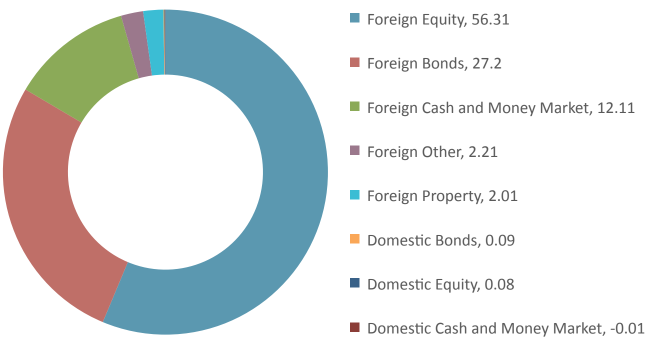
Risk and expectation: We expect the rand to strengthen in the short term, which could result in depressed ZAR returns for our global funds. However, over longer periods (seven years +) we expect the currency effect will be relatively flat and given the relative valuation of global equities we still believe the fund offers good opportunities.

PSG Wealth Fund of Funds Solutions

PSG Wealth Global Moderate FoF (USD)

- The PSG Wealth Global Moderate FoF returned -1.21% for October underperforming the GIFS USD Moderate Allocation sector average, which delivered -0.96%. The PSG Wealth Global Moderate FoF D outperformed the ASISA Global Multi Asset Flexible sector average which returned -2.04%.
- Since its inception, the PSG Wealth Global Moderate FoF D has consistently outperformed the sector average, delivering over 2% in Alpha per annum.
- In their monthly market review, Schroders notes that October was a challenging month for most asset classes. Those with higher interest rate sensitivity were especially vulnerable. October was a weaker month for global bond markets as inflation expectations rose in a number of markets. Government bond yields were sharply higher overall. Investment grade corporate bonds generated negative total returns, but outperformed government bonds. High yield credit was generally more resilient.

Asset allocation



Source: PSG Wealth research team

Risk: The portfolio is very defensively positioned with a developed market overweight. Performance will likely be muted during periods of positive market sentiment when risky assets such as emerging markets outperform. The portfolio currently has 27.2% in bonds which could be negatively impacted by any unexpected interest rate increases.
Expectation: We expect volatility to remain high in the short term with fluctuating market sentiment in global equity markets. The cash position provides a buffer against market downturns. Our underlying managers are also able to deploy this cash when they find more attractive opportunities in the market. Interest rate risk is actively managed by our underlying managers, with most positioned on the shorter end of the yield curve.
Radar: The BlackRock Global Allocation fund was added to the quantitative radar at the end of October due to its underperformance of the sector average over one, three, six and twelve months.
Changes: No changes made to underlying funds.

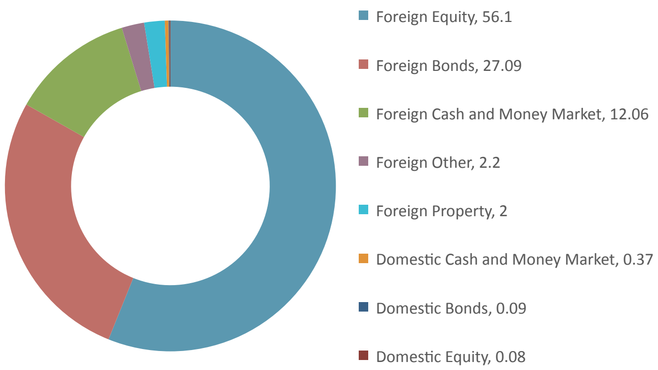
PSG Wealth Fund of Funds Solutions

PSG Wealth Global Moderate Feeder Fund (ZAR)

- The PSG Wealth Global Moderate FF D delivered a return of -3.14% in rand terms for October, underperforming the GIFS USD Moderate allocation sector average which delivered -2.90%. The portfolio outperformed the ASISA Global Multi Asset Flexible sector, which returned -3.95%.
- The rand strengthened by approximately 1.8% against the US dollar over October, thus decreasing global portfolio returns reported in ZAR.
- The PSG Wealth Global Moderate FF D delivered top quartile returns over four years, five years and since inception.

Risk and expectation: We expect the rand to strengthen in the short term, which could result in depressed ZAR returns for our global funds. However, over longer periods (7 years +) we expect the currency effect will be relatively flat and given the relative valuation of global equities we still believe the fund offers good opportunities.

Asset allocation



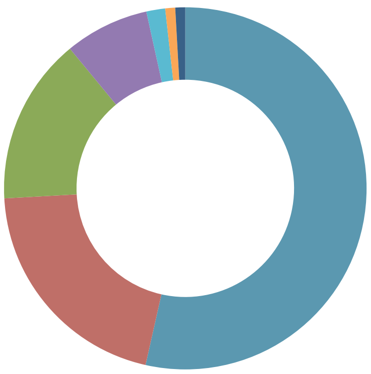
Source: PSG Wealth research team

PSG Wealth Fund of Funds Solutions

PSG Wealth Global Preserver FoF (USD)

- The PSG Wealth Global Preserver FoF USD returned -0.57% for October outperforming the benchmark GIFS USD Cautious allocation sector average, which delivered -0.79%.
- The PSG Wealth Global Preserver FoF USD ranked in the top quartile of its global sector over all periods from three months to since its inception.
- This fund has been ranked second out of 59 funds over the last five years.
- The FoF has delivered 1.55% returns per annum above the benchmark sector average since inception.

Asset allocation



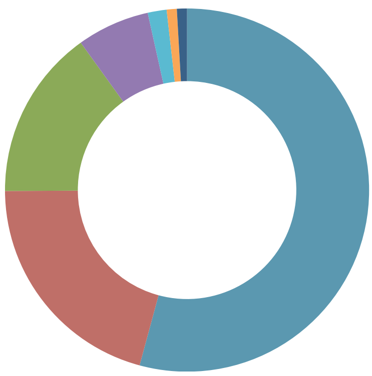
Source: PSG Wealth research team

Risk and expectation: Rising global interest rates could result in capital losses on the fixed interest and property portions of the portfolio. However the portfolio has sufficient diversification through its overweight allocation to equities to protect the portfolio in the event of any unexpected interest rate increases.
Radar: No funds on the quantitative or qualitative radar.
Changes: No changes made to underlying funds.

PSG Wealth Global Preserver FoF (GBP)

- The PSG Wealth Global Preserver FoF GBP returned 3.38% for October in GBP, outperforming the benchmark GIFS GBP Cautious allocation sector average, which delivered -0.18%.
- The PSG Wealth Global Preserver FoF GBP ranked in the top quartile of its global sector over all periods from one month to since its inception.
- This fund also ranked third amongst 99 funds over the last five years. The FoF has delivered 2.29% returns per annum above the benchmark sector average since inception.

Asset allocation



Source: PSG Wealth research team

Risk and expectation: Rising global interest rates could result in capital losses on the fixed interest portion of the portfolio. However the portfolio has sufficient diversification through its overweight allocation to equities to protect the portfolio in the event of any unexpected interest rate increases.
Radar: No funds on the quantitative or qualitative radar.
Changes: No changes made to underlying funds.

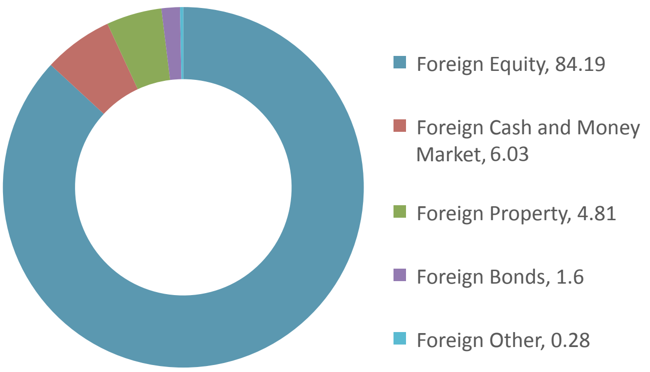
All performance is reported in USD unless specified otherwise.

PSG Wealth Fund of Funds Solutions

PSG Wealth Global Flexible FoF (USD)

- The PSG Wealth Global Flexible FoF USD returned -2.32% for October underperforming the benchmark GIFS USD Flexible allocation sector average which delivered -1.58%.
- The PSG Wealth Global Flexible FoF USD ranked in the top quartile of its global sector over all periods from 12 months to since its inception.
- This fund also ranked sixth amongst 46 funds over the last five years. The FoF has delivered 5.6% returns per annum above the benchmark sector average since inception.

Asset allocation



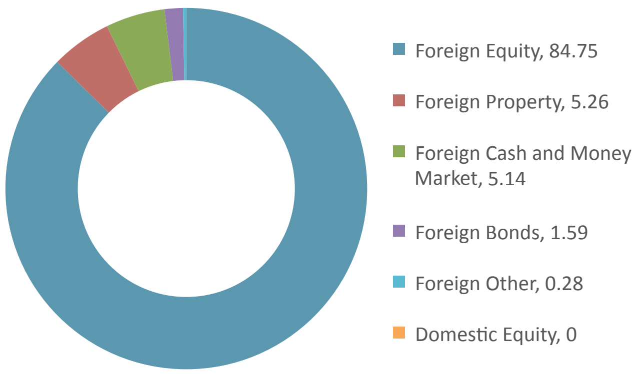
Source: PSG Wealth research team

Risk and expectation: The portfolio currently has an equity allocation of 84% which is above the average in the global flexible sector. The portfolio will likely underperform should there be a significant correction in global equity markets. We expect volatility to remain high in the short term with fluctuating market sentiment in global equity markets. However we are confident that our underlying managers will adjust the positioning of their portfolios as they find opportunities that offer good returns relative to the risk taken.
Radar: No funds on the quantitative or qualitative radar.
Changes: No changes made to underlying funds.

PSG Wealth Global Flexible FoF (GBP)

- The PSG Wealth Global Flexible FoF GBP returned 3.38% in GBP for October, outperforming the benchmark GIFS GBP Flexible allocation sector average which delivered 0.56%.
- The PSG Wealth Global Flexible FoF GBP ranked in the top quartile of its global sector over all periods from one month to since its inception.
- This FoF is ranked 16 out of 159 funds over the last five years. The FoF has delivered 7.4% returns per annum above the benchmark sector average since inception.

Asset allocation



Source: PSG Wealth research team

Risk and expectation: The portfolio currently has an equity allocation of about 84% which is above the average in the global flexible sector. The portfolio will likely underperform should there be a significant correction in global equity markets. We expect volatility to remain high in the short term with fluctuating market sentiment in global equity markets. However we are confident that our underlying managers will adjust the positioning of their portfolios as they find opportunities that offer good returns relative to the risk taken.
Radar: No funds on the quantitative or qualitative radar.
Changes: No changes made to underlying funds.

All performance is reported in USD unless specified otherwise.

PSG Wealth Equity Portfolios

Performance table

PSG Wealth Equity portfolios					
Fund	1 Month	3 Month	6 Month	12 Month	Since Inception
PSG Wealth SA Equity Portfolio	-1.06%	-0.37%	-1.49%	1.02%	8.87%
PSG Wealth SA Property Portfolio	-2.42%	-5.33%	-9.92%	N/A	-9.04%
PSG Wealth Offshore Equity Portfolio (USD)	-2.32%	-3.33%	-0.20%	0.70%	5.25%
PSG Wealth SA Dividend Income Equity Portfolio	-0.31%	-0.62%	-4.20%	N/A	-4.20%
PSG Wealth Managed Volatility Equity Portfolio	-1.37%	-1.00%	N/A	N/A	-1.47%

Source: PSG Wealth research team

PSG Wealth SA Equity Portfolio
Appropriate for investors seeking real returns in capital that exceed the local equity market returns, but who are comfortable with the capital fluctuations that characterizes an investment of this type.

PSG Wealth SA Managed Volatility Equity
Tailored for investors who require a smoother path to long-term returns by reducing downside risk while maintaining full exposure to the equity risk premium in the long run. Benefits of this strategy should be more pronounced during periods of heightened volatility.

Overview of equity portfolios

PSG Wealth Offshore Equity Portfolio
Appropriate for investors seeking real returns in capital that exceed the international benchmark returns.

PSG Wealth SA Dividend Income Equity Portfolio
Suitable to the investor that requires a regular and growing stream of income derived from dividends with the potential of a real growth in capital value.

PSG Wealth SA Property Equity Portfolio
For the more risk adverse investor who requires a regular income with a high degree of capital stability.

PSG Wealth Equity Portfolios

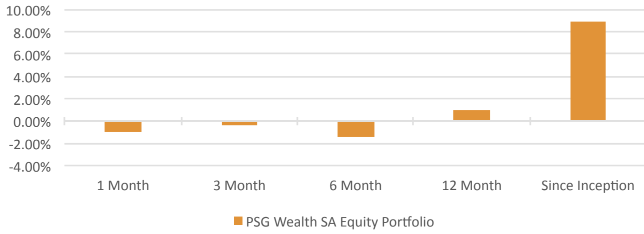
PSG Wealth SA Equity Portfolio

- The PSG Wealth SA Equity Portfolio outperformed its benchmark in October. The portfolio dropped by -1.06%, while the FTSE/JSE Capped All Share TR (net of fees) ended -2.50% lower.
- Since its inception the fund has outperformed its benchmark.

Expectations:
- Ongoing political and policy uncertainty will continue to pose downside risk.
- Exchange rate movements will remain a dominant driver of short-term equity market returns.
- Given the diversification of the portfolio and its quality investments, we believe its performance should not be fundamentally dependent on exchange rate movements.
- The portfolio is weighted towards domestic value investments and offshore growth stocks.
- Locally, value is concentrated in the financial and general retail sector, but near-term catalysts for unlocking this value is not obvious.
- Global investment markets are expected to remain volatile given the difficulty to forecast macro-variables.
- Our focus will remain on the underlying fundamentals of the individual companies rather, than on broad macro issues.

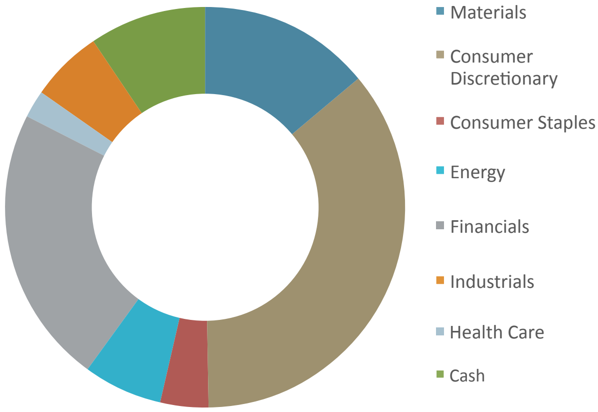
Risk:
- Changes in the perception of sovereign risk (positive and negative) and its flow through to exchange rates and interest rates, can have an impact on portfolio values.
- The possibility of rating agencies downgrading the country's sovereign rating by more than one notch, could have a substantial adverse impact on portfolio values.
- Unsustainable central bank support to developed economies creates artificial demand for high-yielding emerging market securities. Should foreign capital inflows from these markets come to an abrupt end, it will have an adverse impact on market valuations.
- The portfolio is likely to underperform should international monetary easing prove sustainable. An environment of sustained monetary easing should support 'bond-proxy stocks' to which the portfolio is under exposed due to valuation concerns. This could lead to portfolio underperformance.
- Overestimating growth and operational improvements in highly-rated international counters.

Performance since inception



Source: PSG Wealth research team data as on 31 October 2016.
*Inception date: 30 August 2015

Asset allocation



Source: PSG Wealth research team

PSG Wealth Equity Portfolios

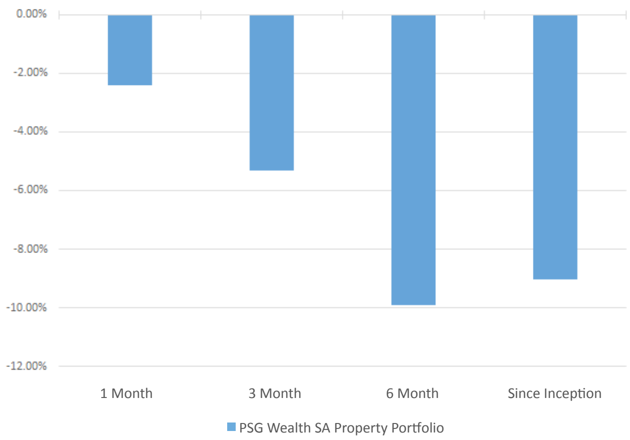
PSG Wealth SA Property Portfolio

- The PSG Wealth SA Property Equity Portfolio declined by 2.42% during October, underperforming the FTSE/ JSE SA Listed Property Capped TR (net of fees) which delivered a negative 1.74%.
- This fund outperformed its benchmark over three months.

Expectations:
- New local developments could lead to a higher supply while demand is weak.
- Weak economic growth might result in higher vacancy profiles and rental reversions.
- Capital market changes generally dominate short-term returns.

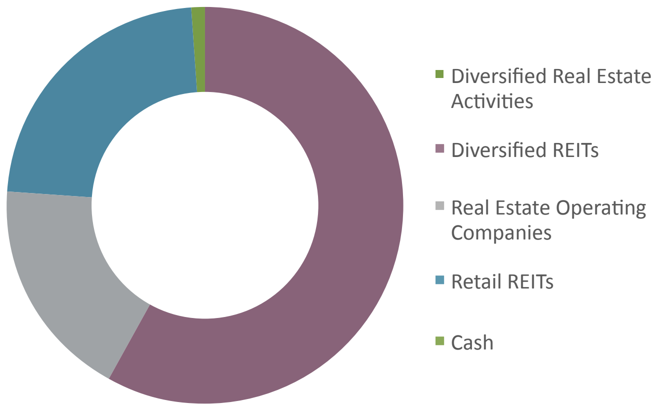
Risk:
- Weaker-than-expected growth could erode dividends underpinning the current valuations.
- Low global bond yields have aided valuations – a reversal of this trend and tighter US monetary policy could impact valuations.
- Changes in sovereign risk (positive and negative) and its flow through to capital markets can have a significant impact on valuations.
- Value-destructive acquisitions, especially in offshore territories where management has less experience could impact the portfolio.
- Liquidity risk which could lead to the inability to sell underperforming assets quickly.

Performance since inception



Source: PSG Wealth research team data as at 31 October 2016.
*Inception date: 1 December 2015.

Asset allocation



Source: PSG Wealth research team

PSG Wealth Equity Portfolios

PSG Wealth Offshore Equity Portfolio

- The PSG Wealth Offshore Equity Portfolio fell by 2.32% in October, underperforming the Dow Jones Global Titans 50 TR (net of fees) which ended the month 2.19% lower.
- Five (33%) of the 15 stocks in the portfolio ended in positive territory in October, while eight (53%) closed ahead of the benchmark.

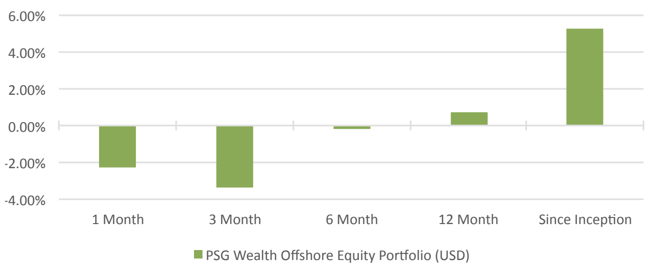
Expectations:

- Investment markets are expected to remain volatile given the high amount of uncertainty in forecasting macro variables.
- Given the diversification of the portfolio and the quality of its chosen investments, we believe that the impact of macro variables should be reduced.
- Our focus will remain on the underlying fundamentals of the individual companies rather than on broad macro issues.

Risk:

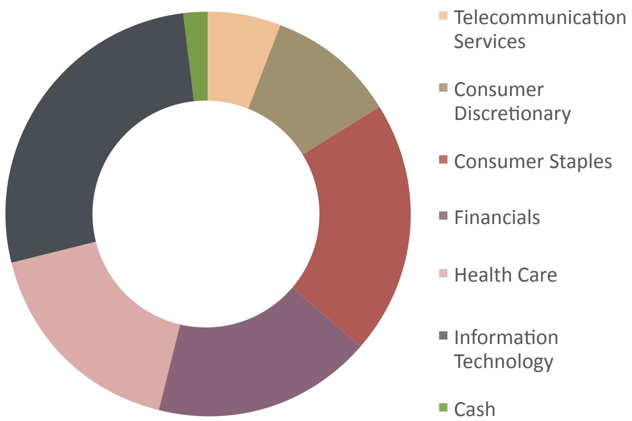
- Sustained international monetary easing creates demand for quality, stable, high yielding equities. This provides a valuation underpin to investments in the portfolio. The portfolio is likely to underperform should this diminish.

Performance since inception



Source: PSG Wealth research team data as at 31 October 2016
*Inception date: 30 August 2015

Asset allocation



Source: PSG Wealth research team

PSG Wealth Equity Portfolios

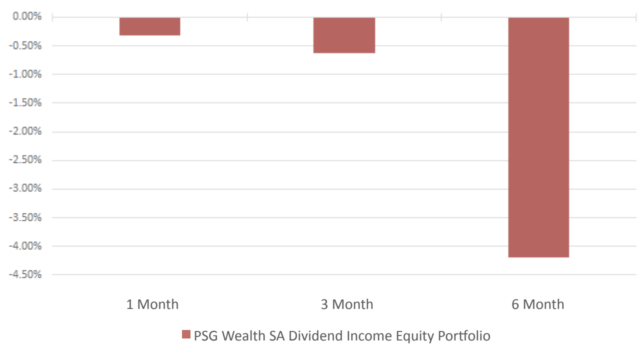
PSG Wealth SA Dividend Income Equity Portfolio

- The PSG Wealth SA Dividend Income Equity Portfolio declined by 0.31% during the month. Underperforming the benchmark, the FTSE/JSE Dividend Plus TR (net of fees), which delivered -0.03% over the same period.
- Twelve (60%) of the 20 stocks in the portfolio ended in positive territory and ahead of the benchmark for October.

Expectations:
- Investment markets are expected to remain volatile given the difficultly to forecast macro variables.
- A shift from highly valued high-quality defensive stocks towards more reasonable priced consumer cyclicals and financial stocks in the medium term.

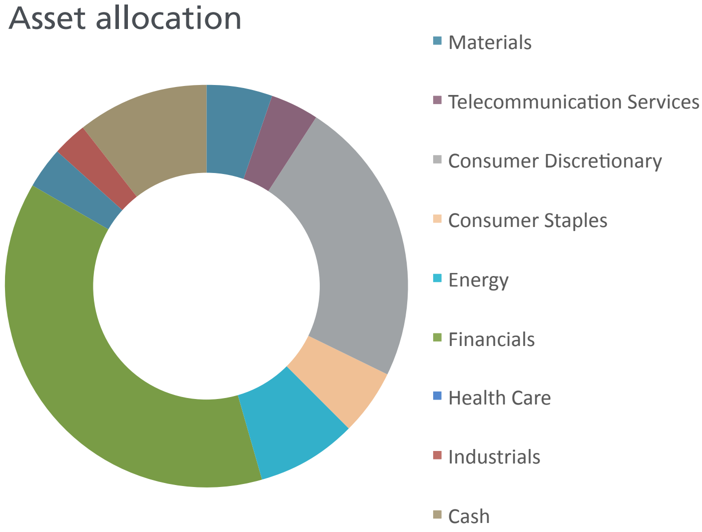
Risk:
- Changes in the perception of sovereign risk (positive and negative) and its flow through to exchange rates and interest rates can have an impact on portfolio values.
- Unsustainable central bank support to developed economies creates artificial demand for high yielding emerging market securities. It will have an adverse impact on market valuations should foreign capital inflows from these markets come to an abrupt end.
- The portfolio is likely to underperform should international monetary easing prove sustainable. An environment of sustained monetary easing should support 'bond-proxy stocks' to which the portfolio is under exposed due to valuation concerns.

Performance since inception



Source: PSG Wealth research team data as at 31 October 2016
*Inception date: 29 April 2016

Asset allocation



Source: PSG Wealth research team

PSG Wealth Equity Portfolios

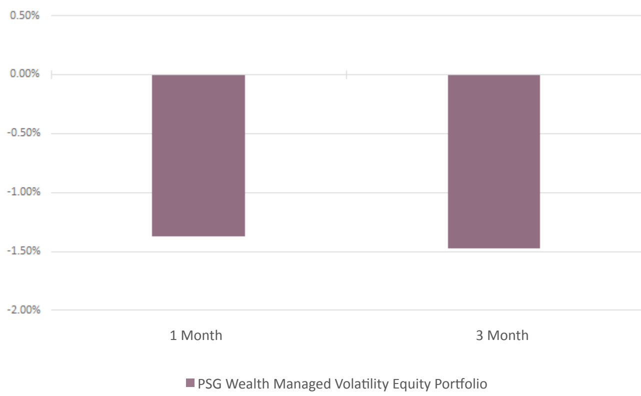
PSG Wealth SA Managed Volatility Equity Portfolio

- The PSG Wealth SA Managed Volatility Equity Portfolio returned -1.37% for October. This was ahead of the benchmark, the PSG Wealth Custom Low Volatility Index TR (net of fees), which ended the month 3.30% lower.
- Since its inception this portfolio has outperformed its benchmark.

Expectations:
- Local equity market valuations currently seem elevated.
- Lower portfolio drawdown, while still participating in equity market returns.
- Low volatility investing in a defensive way to take risks.
- Portfolio outperformance relative to local equity markets during periods of stress.
- Positive relative performance over the longer term.

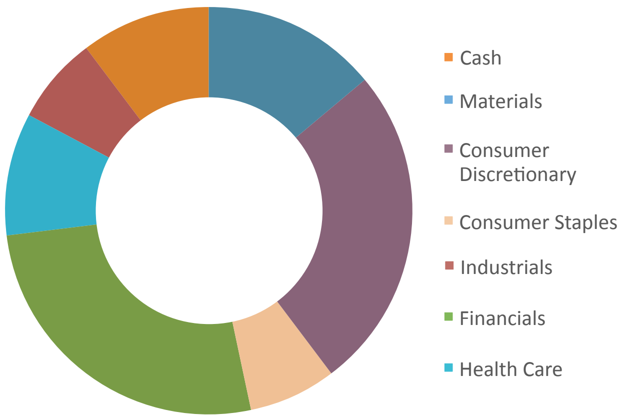
Risk:
- A negative performance relative to the local equity market during strong bull markets.

Performance since inception



Source: PSG Wealth research team data as at 31 October 2016
*Inception date: 28 July 2016

Asset allocation

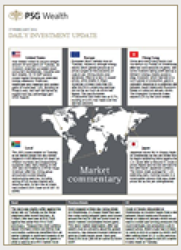


Source: PSG Wealth research team

Other publications

Previous publications

Daily

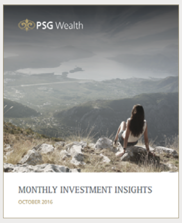


23 November 2016

Weekly

09 Nov	10 Aug	25 May	16 Mar
02 Nov	02 Aug	18 May	09 Mar
26 Oct	27 Jul	11 May	01 Mar
12 Oct	13 Jul	04 May	23 Feb
05 Oct	06 Jul	26 Apr	11 Dec
28 Sep	29 Jun	20 Apr	20 Nov
14 Sep	22 Jun	12 Apr	16 Nov
07 Sep	15 Jun	05 Apr	
31 Aug	08 Jun	30 Mar	
17 Aug	01 Jun	23 Mar	

Monthly

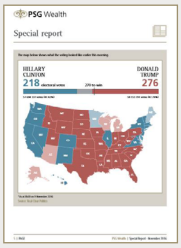


Oct	2016	Nov	2015
Sep	2016	Oct	2015
Aug	2016	Sep	2015
Jul	2016	Aug	2015
Jun	2016	July	2015
May	2016	Jun	2015
Apr	2016	May	2015
Mar	2016		
Feb	2016		
Dec	2015		

Quarterly

Spring	2016
Winter	2016
Autumn	2016
Summer	2015
Spring	2015

Special Reports



US election
Market PE's
Domestic local government elections
Brexit vote
Cash vs Long-term instruments
S&P June 2016 rating decision explained
Fed Dec 2015 interest rate hike
Impact of political moves on investments
FoF fees small compared to actual gains
SARB hikes rates
Weak PMI support foreign diversification

Wealth Perspective

September 2016
July 2016
April 2016
January 2016
October 2015
July 2015

PSG Wealth

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